

DOLLAR WORKS 2

Impact Evaluation Summary

ABSTRACT: Dollar Works 2 education is effective for money behaviors, financial satisfaction, and access to financial information when delivered in a six-hour dosage. The impact evaluation study was with community participants who are considered high risk in the financial education field. If financial education can be effective for this population, it will be effective with groups that have fewer problems and tend to seek solutions to their financial issues. This study was conducted during a time that the economic environment was difficult for many people including these who participated in the study. Dollar Works 2 is a personal financial education program developed by the University of Minnesota Extension.

BACKGROUND FOR THE STUDY: Many researchers have pointed out that the lack of personal finance knowledge is a major barrier to an individual's sound financial practices (Financial Literacy & Education Commission [FL&EC], 2006). Financial literacy education is more important especially with the current economic hard times. Research has reported a positive association between financial knowledge and the financial well-being of families (Kim, 2001). One of the problems is that relatively few program evaluations have been conducted compared to the number of financial literacy programs (FL&EC, 2006). In addition, little research has examined the long-term effects of financial literacy programs on individual and family well-being.

Previous research has reported that financial literacy and experiences are positively related to sound financial behaviors and financial well-being (FL&EC, 2006; Hilgert, Hogarth, & Beverly, 2003). Researchers assume there are long-term effects from financial literacy education. They have reported that financial education helps people make sound financial decisions that can lead to families' economic security and well-being, and in turn, a community's economy would be boosted by

these economically secured families (Hilgert et al., 2003). Previous studies have reported if quality financial literacy programs could help people increase their financial knowledge and practice sound financial principles, we could expect some long-term effects of the programs such as better family well-being and stronger social networks (Son, Olson, & Bauer, 2009). Financial literacy is important.

DOLLAR WORKS 2: Dollar Works 2 is a financial education program designed to strengthen people's skills at managing their personal finances and taking control of their financial decision making. It is designed to help individuals and families understand basic economic concepts and learn skills to manage income. Dollar Works 2 is based on the assumption that personal financial management must be learned. Skills are essential for long-term success at managing personal finances to achieve goals. Resources are often the basis for decisions in families. Managing personal finances is influenced by the family's perception of the situation and of how money and other resources can be used to attain goals work to increase financial stability.

RESEARCH DESIGN: The purpose of the Dollar Works 2 Impact Study was to understand the effectiveness of the education for financial literacy. Specifically, the study aimed to understand the impact of the Dollar Works 2 curriculum at individual, family, and community level, in financial knowledge and money management behaviors. A quasi-experimental design was employed with treatment group and control group. At the beginning of the study both groups were given the Dollar Works 2 Impact Evaluation survey to complete. The treatment group then completed six hours of education using the Dollar Works 2 curriculum over the course of two to three sessions. Once the treatment group completed the education, both treatment and control groups completed the same survey a second time. Then the control group

received the Dollar Works 2 education. Finally, two months after the control group completed the education, again both treatment and control groups were asked to complete the survey a third and final time.

Characteristics of participants. A total of 127 participants completed a pre-survey; both pre-treatment (n=69) and pre-control (n=58). In the treatment group, 53 completed the post-treatment survey and 52 completed the follow-up survey; and for the control group, 45 completed the post control survey and 39 completed the follow-up. Overall, the participants could be characterized as “high risk,” “low-income” population. Some specific characteristics of the participants:

- 62% rented a house or apartment; 23% owned house with mortgage
- 59% were receiving or received government health insurance and 14% had no health insurance
- 54% were currently receiving or received in past one year food support
- 50% do not save at all
- 50% lived alone, 33% lived with spouse/partner, and 14% lived with a family member or roommate(s)
- 59% were female and 52% were male
- 32% African American, 4% American Indian, 10% Hispanic/Latino, 50% White/ Caucasian, and 4% Bi-racial
- 21.9% employed full time, 12.5% part-time, 54.7% not employed, and 6.3% retired or homemaker

FINDINGS --EFFECTIVENESS OF DOLLAR WORKS 2 - FINANCIAL LITERACY EDUCATION

Prior to financial literacy education. A test was conducted of the groups prior to any education. We would expect to find no significant differences between the pre-treatment group and the pre-control group at the beginning before any education with the Dollar Works 2 curriculum. In measuring the entire money behavior scale there were two sub-categories, use of financial institution and pay statement that we found a difference.

Effectiveness of financial literacy curriculum. To measure the effectiveness of the Dollar Works 2 Curriculum a comparison of completely before any education (pre-) to following the education (post-) is necessary. It is a pre-test and post-follow up for the combined sample of both the control and treatment groups. If the pre- to post- shows a significant difference for both groups, then the Dollar Works 2 curriculum for the 6 hours of education is effective. The entire money behavior scale and some of the sub-categories show effectiveness. Saving and consumer information contributes to the effectiveness of money behaviors.

Financial satisfaction was significantly different between pre-test and post-test after the education session. People who are satisfied with their financial situation will be more in control of their finances.

CONCLUSION: Dollar Works 2 education in a dose of six hours is effective for improvement of financial literacy. Money behaviors change and financial satisfaction increases along with access to financial information following the educational session. This study was designed to test the effectiveness of the Dollar Work 2 curriculum available from University of Minnesota Extension, Family Development Center. The study was conducted during a declining economic environment of 2009-10. The full report is available at:

<http://www.extension.umn.edu/dollarworks>

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Dollar Works 2: A Personal Financial Education Program (item 08503) was written in 2007 by Shirley J. Anderson-Porisch, Rosemary K. Heins, Cindy M. Petersen, Susan E. Hooper, and Jean W. Bauer. It is available through University of Minnesota Extension. To order or see samples from the curriculum, visit <http://www.extension.umn.edu/dollarworks>.

This material is available in alternative formats upon request. Direct requests to 612-626-6602.

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